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SUBJECT: Serbia: Ambassador's Introductory Call on PM Cvetkovic

#### Summary

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11. (SBU) Prime Minister Cvetkovic highlighted the Serbian government's commitment to European integration in welcoming Ambassador Warlick to Serbia. Cvetkovic said that Serbia's formal application for candidacy status demonstrated there was no turning back from a European future. Cvetkovic commented on the economic challenges of Serbia's recovery from the economic crisis and the long-term issue of unemployment. On Kosovo, he asserted that Serbia had chosen to defend its interests only through peaceful and diplomatic measures and would not jeopardize stability in the region. End Summary.

#### Committed to Europe

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12. (SBU) Prime Minister Cvetkovic opened the discussion during Ambassador Warlick's introductory call by noting that there was no need to reconfirm the Serbian government's commitment to a European future. Cvetkovic gave a realistic assessment of Serbia's economic situation in the wake of the economic crisis. He highlighted the challenge of unemployment and commented that while Serbia had fared better than some of its neighbors during the crisis the country had entered the crisis from a weaker economic position. Cvetkovic said that while some said the crisis is over (Note: Economy Minister Dinkic painted a rosy economic picture for 2010 in a recent television appearance. End Note) unemployment in Serbia would linger as a problem and a political issue for the government.

#### Economic Challenges

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13. (SBU) The Prime Minister expressed concern that Serbia's ratings from international credit agencies did not reflect the true economic and political situation in the country, especially when compared to the ratings of some of its neighbors. He said Serbia could be suffering from its past and that it was unfortunate that the country did not always get credit for the work the government was doing, including fighting corruption. The Ambassador said that we would look to work together to expand opportunities for business investment from the United States, and support Serbia's efforts to join the WTO. One way to attract new investors would be to address doing business issues, including through

anti-corruption efforts and passage of a restitution law to clarify property rights. Cvetkovic responded that restitution was an important but difficult issue. He said that a law on restitution would be ready in the coming months, mentioning June as a target. He said the government would follow several principles in addressing restitution: no discrimination among beneficiaries; the solution needed to be sustainable; and it needed to bring justice without stealing from the future. Cvetkovic also indicated that the government would look to the EU for guidance as any law would need to meet EU standards.

#### Regional Relationships

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¶4. (SBU) Turning to the EU, the Ambassador reiterated support for Serbia's EU aspirations. Cvetkovic emphasized that Serbia's EU membership application formally clarified that the EU was Serbia's primary goal, and talk of Russia, China and the Non-Aligned Movement would not get in the way of this goal. The Ambassador and Prime Minister discussed Serbia's regional relationships, with the Ambassador thanking the Serbian government for support with the Butmir process in Bosnia-Herzegovina. Cvetkovic said the election of new Croatian President Josipovic opened an opportunity to improve relations with Croatia. He added that the government's

BELGRADE 00000172 002 OF 002

planned resolution on Srebrenica would be difficult politically, but an opportunity to open a new page in regional dialogue.

¶5. (SBU) Shifting to Kosovo, the Ambassador said that both governments needed to look now at how to work together after the International Court of Justice (ICJ) opinion, respecting the situation in Kosovo. She added that we wanted to ensure that this issue did not affect Serbia's EU future. Cvetkovic said that Serbia would continue to fight for Kosovo only through diplomatic and peaceful means. He added that Serbia wanted all in Kosovo, specifically mentioning Kosovo-Albanians, to live peacefully and pursue their lives.

Comment

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¶6. (SBU) Cvetkovic was true to form, focusing on economic issues and areas for cooperation. His role in the government is to keep the bureaucratic process moving and herd the unwieldy coalition partners to move items through the weekly cabinet sessions. The Prime Minister did not outline an ambitious agenda - suggesting that a draft restitution bill would be completed only by June, after the government has repeatedly missed its promised dates for proposing legislation. The Prime Minister is most comfortable engaging on economic issues and will continue to leave foreign policy and difficult political issues to others in the government. End Comment.  
WARLICK